blended petrol, *w.e.f.* 1.1.2003 in nine States of Andhra Pradesh, Goa, Gujarat, Haryana, Karnataka, Maharashtra, Punjab, Tamil Nadu and Uttar Pradesh and four contiguous Union Territories of Chandigarh, Daman & Diu, Dadra & Nagar Haveli and Pondicherry.

(b) No, Sir.

(c) No, Sir. R&D studies carried out by the IOC(R&D) Centre have shown that up to 10% ethanol blended in gasoline can be used without any engine modification.

Modalities for commercial sale of Gasohol

2789. SHRI VIJAY J. DARDA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government have finalized about commercial sale of gasohol, which would be cheaper and also eco-friendly and whether sugar mills in States like Maharashtra, UP, etc. have been technically advised to prepare themselves for production of ethanol; and

(b) if so, what are the guidelines issued and whether the distribution network has been geared up for the same and what phased programme has been made in this regard for the coming five years both from production and distribution angles?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH GANGWAR): (a) The Government have taken a decision to mandatorily supply 5% ethanol blended petrol, *w.e.f.* 1.1.2003, in nine States and four contiguous Union Territories. The States are Andhra Pradesh, Goa, Gujarat, Haryana, Karnataka, Maharashtra, Punjab, Tamil Nadu and Uttar Pradesh and the Union Territories are Chandigarh, Daman & Diu, Dadra & Nagar Haveli and Pondicherry.

Whether the blended fuel will be cheaper or not will depend on market forces and particularly the respective prices of ethanol and petrol and on statutory levies.

The Government have not adivsed industries of any particular State to be prepared for production of ethanol as they are not under the control

of the Government. However, the representatives of sugar industry have participated in important meetings on supply of ethanol.

(b) Since the distribution of ethanol blended petrol is to be done by the oil companies, they have been directed by the Government to set up distribution network for the same. Similarily, the Excise authorities of the concerned State Governments have been requested to remove the bottlenecks in both interstate and intrastate transportation of anhydrous alcohol.

The sugar Development Fund Act has been amended to facilitate setting up of units for production of anhydrous alcohol by providing loans at lower rates of interest to such units. The State Governments have also been requested to issue licences to such industries without delay.

Agreement with Reliance Petroleum

2790. SHRI K.B. KRISHNA MURTHY: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to refer to answer to Unstarred Question 707 given in the Rajya Sabha on the 26th November, 2002 and state:

(a) whether the agreement with Reliance Petroleum to whom the block at KG basin has been leased out, provides for sharing of the find with Government nominees like GAIUONGC; and

(b) if so, the rate of royalty agreed upon between Government of India and the Reliance Petroleum?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH GANGWAR): (a) and (b) As per Production sharing Contracts (PSCs) signed under New Exploration Licensing Policy (NELP), including the PSC for the deepwater offshore block KG-DWN-98/3 in the Krishna-Godawari basin with Reliance Industries Ltd., the rates of Royalty payable are as under:—

Onland Areas	:	12.5% for crude oil
	:	10% for natural gas
Offshore Areas		
Shallow Water	:	10% for crude oil
	:	10% for natural gas